

Strong start out of the gate

1Q record overseas sales, net cash highest since GTE acquisition

SUMMARY

- GDO reported 1Q consolidated financial results at 3pm on 5/13. A summary is provided in the table below. 1Q overseas sales posted a new record at ¥2,328mn (+22.8% YoY). GTE in the US opened 4 new corporate centers and acquired 3 FC centers, with visibility on more openings in the 2Q. This basically confirms that management is committed to executing key initiatives outlined in the new MTP. More importantly, profitability continues to improve. 1Q GPM of 40.3% matched the previous 1Q record in 1Q FY12/17 (a term which marked the previous peak profit level), despite 1Q seasonality typically having the weakest profits.
- GTE achieved significant increases in focus initiative club fittings and merchandise sales (although GDO notes OEM supply shortages are holding back the full potential). Japan online gear sales are benefitting from improved sales mix with high margin clubs and apparel, but the biggest driver of improved margins in Japan business was customer referrals within golf course business. The results briefing material provides a breakdown of the ¥357mn improvement in gross profit: Japan ¥148mn, GPM +1.3pp, and overseas ¥208mn, GPM +1.4pp, with overseas accounting for nearly 60% of the improvement in gross profit.
- The share price has recovered to the level at the time of the announcement of acquiring a majority stake in GTE. However, valuations on current term company estimates are trading only slightly above historic averages, and likely have not discounted the FY12/23 MTP OP target double that of the previous peak in FY12/17. Indications point to strong momentum continuing for 2Q results scheduled to be announced in Mid-August.

1Q FY12/21 GDO Consolidated Financial Results Summary and 1Q Progress Ratios

[J-GAAP]	FY12/18	FY12/19	Ratio	FY12/20	Ratio	FY12/21	Ratio	AMT	PCT
JPY mn, %	1Q act*	1Q act	to FY	1Q act	to FY	1Q act	to FY	CHG	CHG
Net sales	5,199	7,553	22%	8,070	24%	8,677	23%	607	7.5
• Japan	—	5,948	22%	6,173	23%	6,348	23%	175	2.8
• Overseas	—	1,604	22%	1,896	27%	2,328	23%	432	22.8
Gross profit	1,922	2,851	21%	3,138	24%	3,494	—	356	11.3
SG&A exp.	1,876	2,999	24%	3,095	25%	3,267	—	172	5.6
EBITDA	161	208	8%	427	18%	617	22%	190	44.5
• Japan	—	289	14%	383	17%	538	26%	155	40.5
• Overseas	—	(80)	-19%	44	67%	78	10%	34	77.3
Operating profit	45	(147)	-15%	42	5%	227	21%	185	440.5
• Japan	—	164	11%	254	14%	407	27%	153	60.2
• Overseas	—	(312)	nm	(211)	nm	(179)	nm	32	RS
Ordinary profit	44	(152)	-16%	39	4%	232	21%	193	494.9
Profit ATOP	(20)	(203)	-57%	(45)	-17%	106	20%	151	TB

Source: compiled by Sessa Partners from IR results briefing materials. RS = red shrank, TB = turned black.

*Note: GOLFTEC Enterprises LLC (GTE) in the US was included in consolidated accounting from 4Q FY12/18.

1Q Follow-up



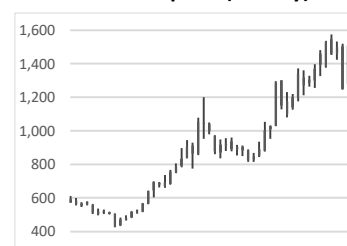
Focus Points:

'Only one' golf specialist online gear retail, course reservations and media platform operator entering a new growth phase on acquiring the world's largest golf lessons operator in the US.

Key Indicators

Share price (5/28)	1,342
YH (21/4/26)	1,575
YL (21/1/15)	814
10YH (21/4/26)	1,575
10YL (12/10/16)	70.4
Shrs out. (mn shrs)	18.274
Mkt cap (¥ bn)	24.523
Shr equity ratio	33.8%
21.12 P/E (CE)	45.4x
21.12 EV/EBITDA (CE)	8.1x
21.12 P/B (1Q act)	3.79x
20.12 ROE (act)	4.12%
21.12 DY (CE)	0.71%

52W stock price (weekly)



Source: SPEEDA data

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This report was prepared by Sessa Partners on behalf of Golf Digest Online Inc. Please refer to the legal disclaimer at the end for details.

Golf Digest Online Quarterly Consolidated Financial Highlights

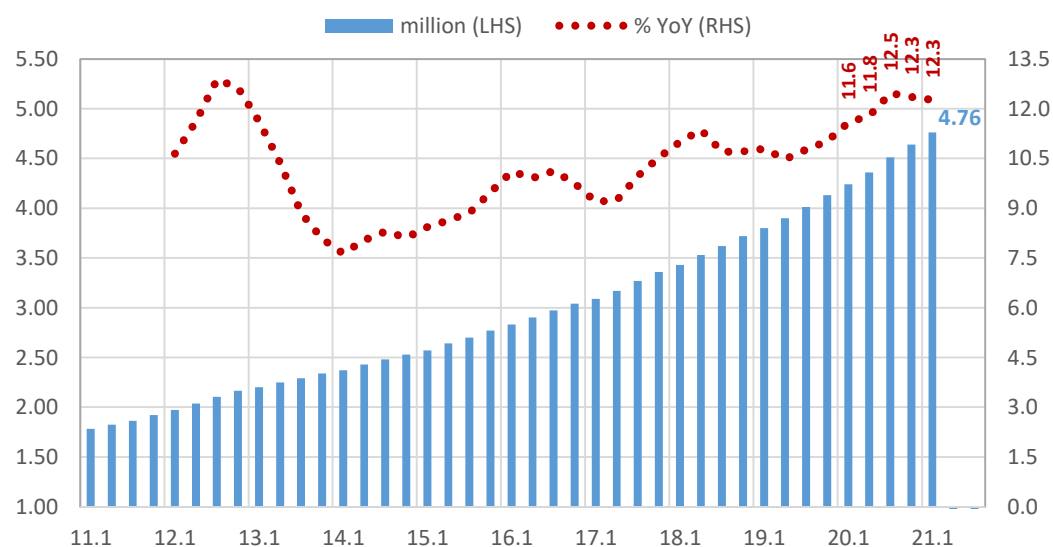
[J-GAAP] JPY mn, %	FY12/18				FY12/19				FY12/20				FY12/21
	1Q	2Q	3Q	4Q*	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Consol/NC ratio (x)	1.04	1.04	1.04	1.26	1.32	1.34	1.34	1.32	1.36	1.19	1.33	1.31	1.36
Net sales	5,199	6,727	6,303	8,508	7,553	9,175	8,873	8,671	8,070	6,955	8,973	9,691	8,677
• Japan	5,199	6,727	6,303	7,014	5,948	7,129	6,912	6,851	6,173	5,892	6,983	7,674	6,348
• Overseas	—	—	—	1,494	1,604	2,046	1,961	1,819	1,896	1,063	1,990	2,016	2,328
Gross profit	1,922	2,647	2,395	3,510	2,851	3,693	3,503	3,607	3,138	2,339	3,559	4,039	3,494
GPM	37.0%	39.3%	38.0%	41.3%	37.7%	40.3%	39.5%	41.6%	38.9%	33.6%	39.7%	41.7%	40.3%
SG&A expenses	1,876	2,371	2,261	3,160	2,999	3,283	3,273	3,121	3,095	2,827	2,916	3,397	3,267
Ratio to sales	36.1%	35.2%	35.9%	37.1%	39.7%	35.8%	36.9%	36.0%	38.4%	40.6%	32.5%	35.1%	37.7%
Labor cost	729	767	784	945	938	979	1,074	1,026	1,000	1,004	978	1,118	1,111
Marketing-related	309	570	465	555	472	665	594	497	524	353	480	661	572
IT / capex	323	321	329	478	477	489	488	519	502	505	485	495	509
Goodwill	2	2	2	87	85	84	79	85	85	85	84	83	85
Other	511	708	679	1,093	1,024	1,065	1,035	993	982	878	888	1,039	988
EBITDA	161	386	269	711	211	775	590	892	427	(102)	1,023	1,019	617
Ratio to sales	3.1%	5.7%	4.3%	8.4%	2.8%	8.4%	6.6%	10.3%	5.3%	-1.5%	11.4%	10.5%	7.1%
• Japan	197	537	359	782	292	552	471	740	383	219	904	795	538
• Overseas	(35)	(141)	(90)	(71)	(80)	222	119	151	44	(322)	119	224	78
Operating profit	45	275	133	349	(147)	409	229	486	42	(488)	643	641	227
OPM	0.9%	4.1%	2.1%	4.1%	-1.9%	4.5%	2.6%	5.6%	0.5%	-7.0%	7.2%	6.6%	2.6%
• Japan	87	423	231	644	164	427	343	599	254	89	773	663	407
• Overseas	(42)	(147)	(99)	(294)	(312)	(17)	(113)	(112)	(211)	(577)	(130)	(21)	(179)
Ordinary Profit	44	264	167	346	(152)	409	228	486	39	(478)	706	641	232
Profit ATOP	(20)	157	177	65	(203)	284	123	154	(45)	(564)	468	404	106
[B/S]													
Cash and deposits	1,466	1,658	1,373	1,700	1,833	1,440	1,412	1,996	2,293	2,327	2,374	2,873	3,173
ST loans	1,450	1,700	1,981	2,435	2,500	2,408	2,517	3,446	4,424	4,554	2,183	1,471	1,465
LT loans < 1Y	0	0	0	666	666	666	666	666	666	666	666	666	333
LT loans	0	0	2,002	1,335	1,000	1,000	667	666	333	333	—	—	—
Total IBD	1,450	1,700	3,983	4,436	4,166	4,074	3,850	4,778	5,423	5,553	2,849	2,137	1,798
Net cash (net debt)	16	(42)	(2,610)	(2,736)	(2,333)	(2,634)	(2,438)	(2,782)	(3,130)	(3,226)	(475)	736	1,375
Net assets	5,897	6,058	6,219	6,207	5,862	6,059	6,108	6,315	6,149	5,563	5,997	6,356	6,472
Total assets	11,293	11,732	17,140	18,236	18,564	17,812	18,441	19,564	19,562	18,376	17,960	17,994	19,172
Equity ratio (%)	52.2	51.6	36.3	34.0	31.6	34.0	33.1	32.3	31.4	30.3	33.4	35.3	33.8
[Supplementary info]													
'Golf Garage' shops	5	5	5	5	5	5	5	5	6	6	6	6	6
'GOLFTEC' studios	10	11	197	200	202	206	208	209	207	208	207	207	211
FC studios in Japan	10	11	11	12	12	12	12	13	13	13	13	13	13
Employees (consol)	550	586	989	1,046	1,081	1,108	1,129	1,138	1,148	1,127	1,087	1,081	1,119
Club Members (10k)	343	353	362	372	379	390	401	413	424	436	451	464	476

Source: P/L and Supplementary info from IR Factbook, selected B/S items compiled by Sessa Partners from TANSHIN financial statements.

Notable takeaways from 1Q results highlighted above include:

(yellow = record for the 1Q, orange = record quarter since GTE was consolidated)

- 1) 1Q overseas sales posted a new record at ¥2,328mn (+22.8% YoY)
- 2) 1Q net cash posted the highest level since the GTE majority stake acquisition
- 3) 1Q GPM tied the previous 1Q high of 40.3% in 1Q 12/17 (previous profit peak)
- 4) 1Q OPM posted a record 2.6% for the 1Q, with a whopping 6.4% in Japan
- 5) As explained in many previous reports, 1Q is seasonally the weakest quarter for profits due to a certain percentage of courses closed for winter, reactionary slowdown after year-end shopping, lower ad spend as gear makers focus on clearing last year's models etc. **Therefore, profit attributable to owners of parent of ¥106mn is no small feat, and a strong start out of the gate.**

Quarterly Trend of GDO Club Members: added 120k in 1Q 12/21 (+12.3% YoY)


Source: compiled by Sessa Partners from GDO IR Factbook

Of the notable takeaways from the previous page, 1Q overseas sales posting a new record at ¥2,328mn (+22.8% YoY) cannot be understated. NGF data on P11 in the appendix shows that total cumulative rounds played in the US in the 3 months through March rose +24.3% YoY, with the strong momentum continuing from the 2H of last year. According to GDO, GTE opened 4 new corporate centers (lesson studios) during the 1Q (with visibility on more in the 2Q), increasing the total including FC to 211. More importantly, profitability is improving rapidly, with significant increases in focus club fittings and merchandise sales (although the Company notes OEM supply shortages are holding back the full potential). The other notable takeaway from the previous page was 1Q GPM of 40.3% matching the previous 1Q record in 1Q FY12/17 (a term which marked the previous peak profit level). The results briefing material provides a breakdown of the ¥357mn improvement in gross profit: Japan ¥148mn, GPM +1.3pp, and overseas ¥208mn, GPM +1.4pp. The boost in Japan was mainly attributed to customer referrals within golf course business.

FY12/21 GDO Consolidated Financial Forecast Summary

[J-GAAP]	FY12/20	AMT	PCT	FY12/21	AMT	PCT
JPY mn, %	act	CHG	CHG	init CE	CHG	CHG
Net sales	33,691	(584)	(1.7)	37,800	4,109	12.2
• Japan	26,724	(119)	(0.4)	27,800	1,076	4.0
• Overseas	6,967	(465)	(6.3)	10,000	3,033	43.5
Gross profit	13,076	(580)	(4.3)	—	—	—
SG&A exp.	12,237	(440)	(3.5)	—	—	—
EBITDA	2,370	(99)	(4.0)	2,850	480	20.3
• Japan	2,304	247	12.0	2,100	(204)	(8.9)
• Overseas	66	(346)	(84.0)	750	684	11.4x
Operating profit	839	(140)	(14.3)	1,100	261	31.1
• Japan	1,780	245	15.9	1,500	(280)	(15.7)
• Overseas	(941)	(385)	RE	(400)	541	(57.5)
Ordinary profit	908	(64)	(6.6)	1,090	182	20.1
Profit ATOP	261	(97)	(27.1)	540	279	106.5

Source: compiled by Sessa Partners from IR results briefing materials. RE = red expanded.



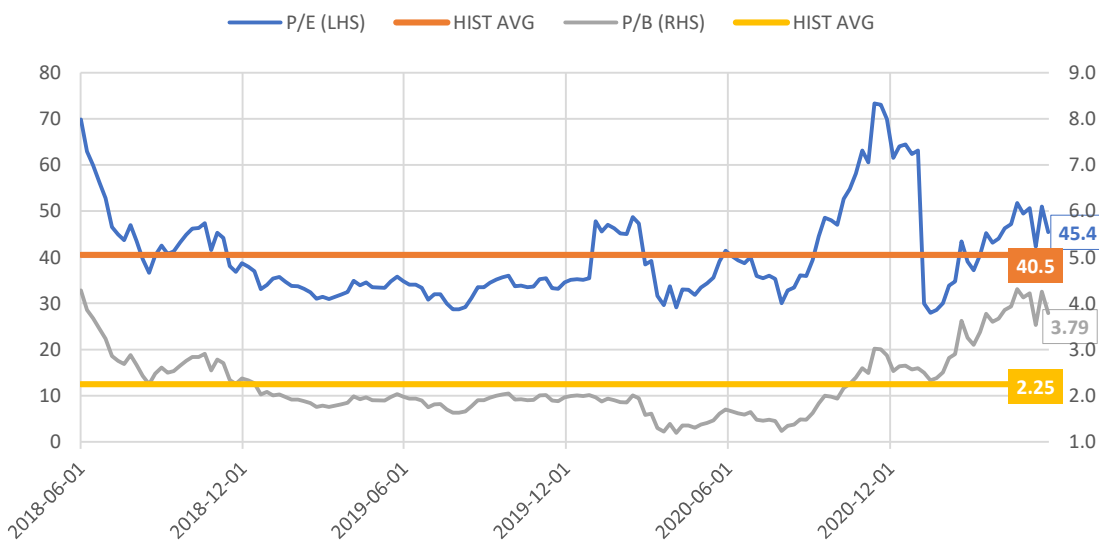
**Performance and Valuations:
SESSA Smart Charts**

- ✓ Share price has recovered to the level of the GTE majority stake acquisition
- ✓ Valuations on company estimates are only slightly above historic averages, and likely do not discount the MTP FY12/23 OP target double the previous peak in FY12/17
- ✓ 3028 Alpen reported April existing store sales +73.5% YoY (see upper left graph on the next page)
- ✓ The next catalyst will be 2Q results scheduled to be announced in mid-August, and indications point to strong momentum continuing

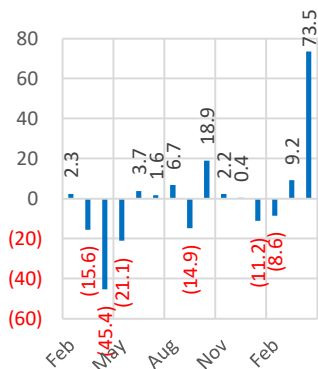
3-Year Weekly Share Price / Volume Trend



Historical P/E, P/B and EV/EBITDA (times)

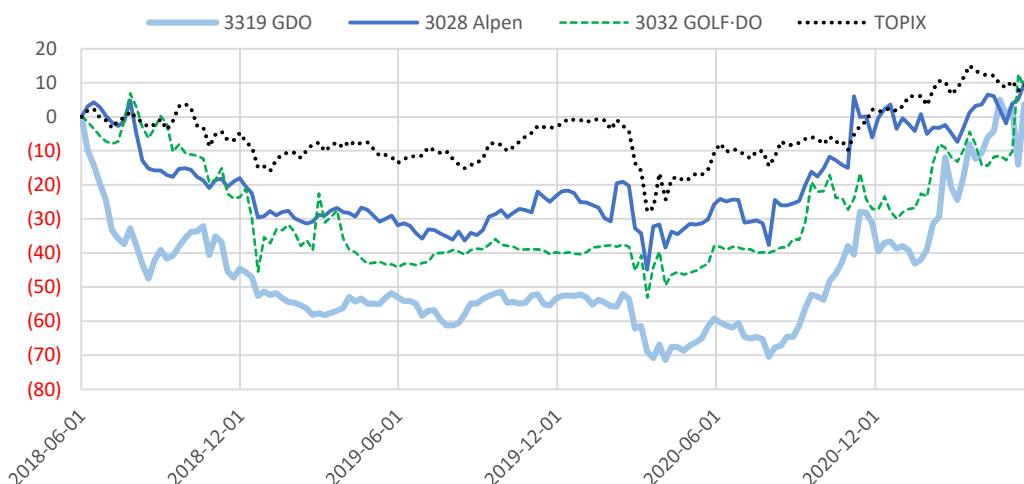


Alpen 2020-21 existing stores



Source: compiled by Sessa Partners from company data. *Note: Sep reflects the high 2019 base from frontloading ahead of the tax hike.

3-Year Weekly Relative Performance

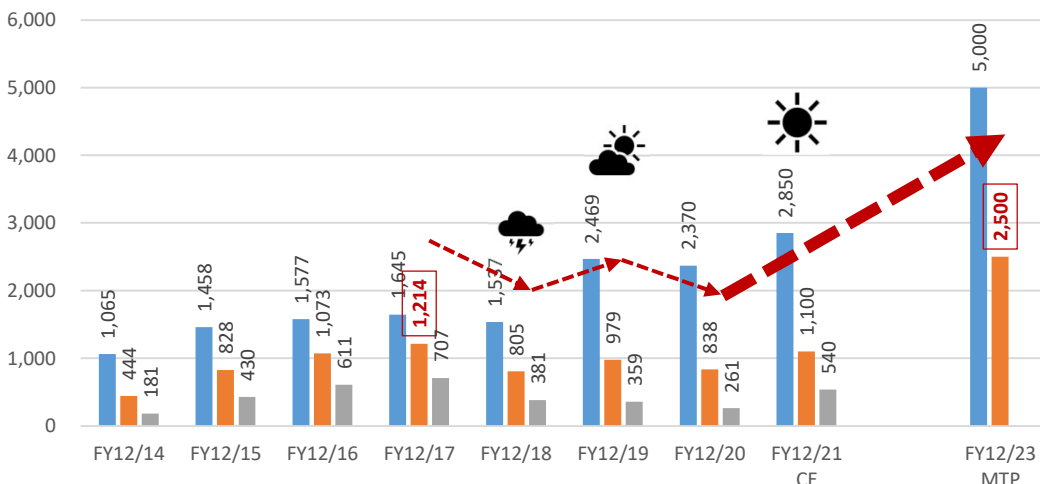
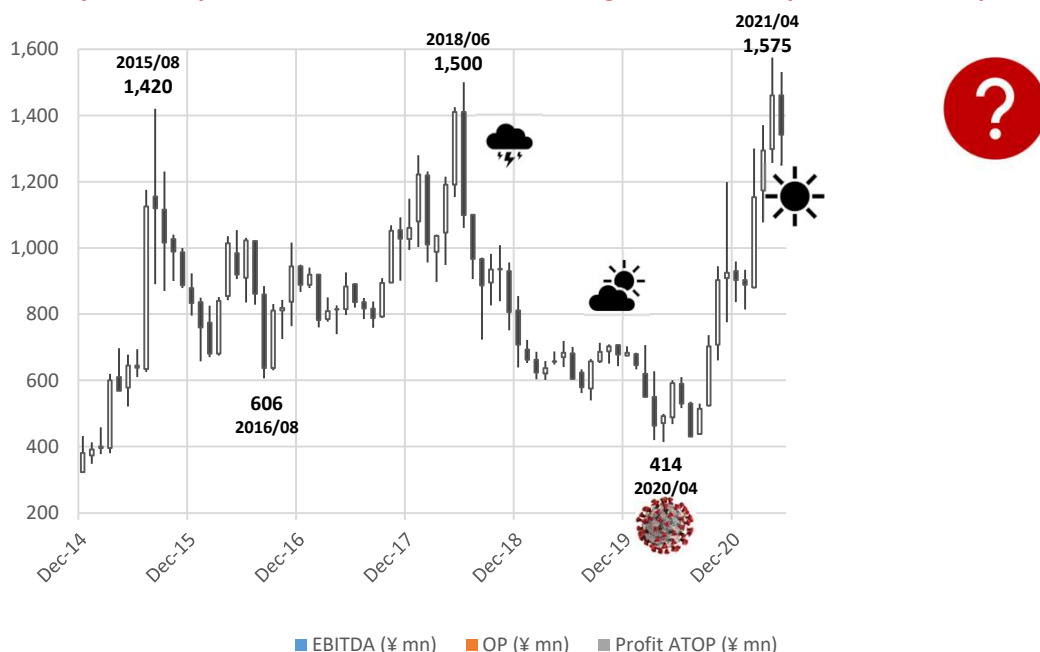


GDO's share price has recovered to the level of the GTE acquisition announcement; It likely has not yet discounted 12/23 OP MTP target double the previous 12/17 peak

GOLFTEC Enterprises LLC 25TH Anniversary in 2020



Total Lessons since '95:
 19.8 9,714,522
 20.8 10,546,495



Source: compiled by Sessa Partners from IR results briefing materials. Monthly share price from SPEEDA data.

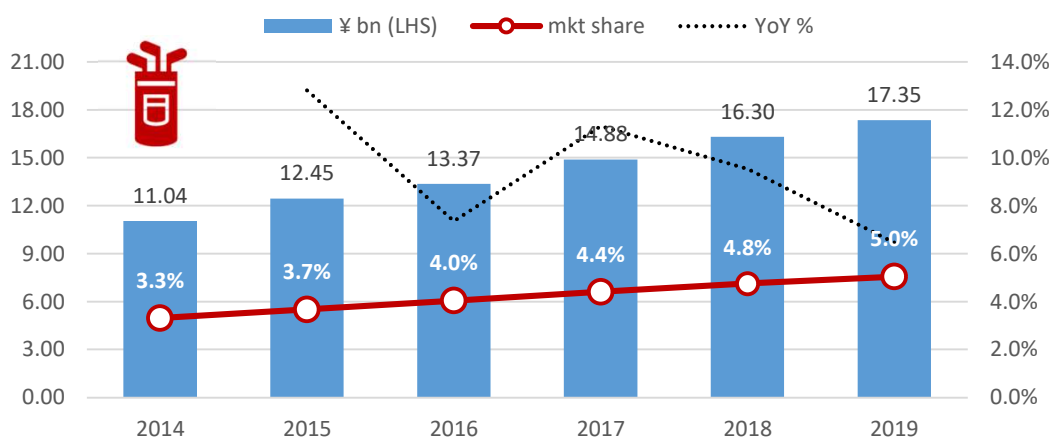
APPENDIX



Key Drivers of Future GDO Sales and Profit Growth

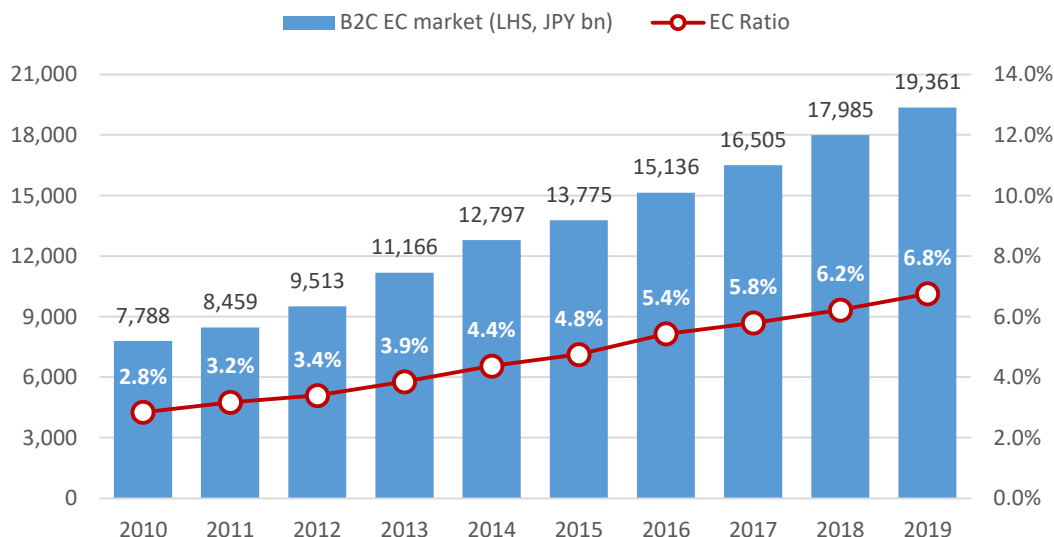
- ① Japan sales: rising EC ratio, new business
- ② US sales: strengthening custom fittings/sales, aggressive studio expansion
- ③ Japan profits: controlling SG&A, turning new business profitable
- ④ US profits: see key highlights announced in new MTP on the following page

GDO SHOP Golf Gear Sales (mainly online, JPY bn), YoY Trend and Market Share



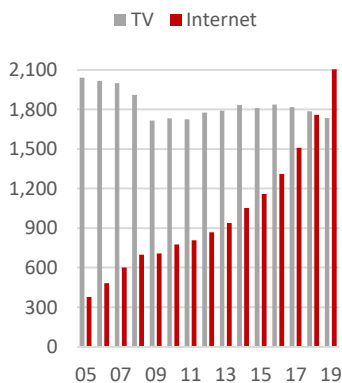
Source: Japan Productivity Center 'Leisure White Paper', GDO IR

METI: Japan's B2C E-commerce Market (JPY bn) and EC Ratio



Source: Ministry of Economy, Trade and Industry (METI) '2019 E-Commerce Market Survey', July 22, 2020

Internet ads of ¥2.1trn surpass TV for the first time in 2019



Source: 'Advertising Expenditures in Japan 2019' by DENTSU Inc.



New MTP 2021–2023 'Lead the Way'

Key Initiatives in the New Medium-Term Management Plan 2021–2023 'Lead the Way'

The company's corporate slogan is 'Golf Links the World', embodying the view that golf is a universal sport, and incorporating its mission to promote the spread of golf to enrich people's lives and encourage mutual understanding through the sport. The company characterizes its history in three distinct phases: the first 10 years as the 'start-up' phase in rolling out online tee time reservations and online retail sales of golf gear, establishing and expanding system infrastructure and marketing infrastructure, the second decade as the 'rebirth' phase, in starting new business in golf lessons, making full swing entry into the US market by acquiring a majority stake in GTE, and making a tie-up with TOPGOLF to share costs and profits in deploying high tech equipment in Japan driving ranges, and going forward, the 'challenge the global market' phase, fully recognizing the potential of golf business.

The title of its newly announced MTP is 'Lead the Way', for the next generation of golf business, specifically promoting digital transformation of golf services in the Japan and US markets. Through its two main subsidiaries in the US, GDO Sports, Inc., which develops and invests in golf-related business, and GolfTEC Enterprises LLC, which operates the largest provider of golf lesson instruction, as well as custom club fittings/sales, the company is aiming to carve out a market position and market share in 'Golf Improvement Business', which includes indoor/outdoor golf instruction, technology enhanced indoor practice, and club fitting/custom club sales. Plans call for aggressive openings of 22 new centers per year over the next 3 years, allocating capex of ¥4.5bn.

As of the end of 2020, the company has 116 directly managed corporate centers, and 91 FC (includes 13 in Japan) centers for a total of 207. The company estimates the US market has potential for up to 375 centers. According to the company, goodwill associated with the GolfTEC transaction is roughly ¥4.1bn, using straight-line amortization over 10 years through 2028. Therefore, OP for the overseas segment is expected to remain slightly in the red during the new MTP (see table below).

In Japan, the company is ramping up investment in introducing TOP TRACER RANGE high tech practice facilities in Japan driving ranges, targeting to open 50+ per year over the next three years, allocating capex of ¥1.8bn. It also will target double-digit growth in tee time bookings, as well as raising online golf gear GPM by 1.0pp versus 2019. It also aims for domestic lesson business to turn profitable this year.

GDO Group New MTP 2021-2023: 'Lead the Way'

[J-GAAP]	FY12/19	YoY	FY12/20	YoY	FY12/21	YoY	FY12/23	FY12/23
JPY mn, %	act	%	act	%	init CE	%	MTP	3Y CAGR
Net sales	34,274	28.2	33,691	(1.7)	37,800	12.2	46,000	10.9
● Japan	26,842	6.3	26,724	(0.4)	27,800	4.0	32,500	6.7
● Overseas	7,432	397.3	6,967	(6.3)	10,000	43.5	13,500	24.7
EBITDA	2,469	60.6	2,370	(4.0)	2,850	20.3	5,000	28.3
● Japan	2,057	9.6	2,304	12.0	2,100	(8.9)	3,500	15.0
● Overseas	412	TB	66	(84.0)	750	11.4x	1,500	183.3
OP	979	21.7	839	(14.3)	1,100	31.1	2,500	43.9
● Japan	1,535	10.7	1,780	15.9	1,500	(15.7)	2,700	14.9
● Overseas	(556)	RS	(941)	RE	(400)	RS	(200)	RS

Source: compiled by Sessa Partners from IR Factbook and IR results briefing materials

METI Current Survey of Selected Service Industries: Golf Courses and Driving Ranges

YoY (below data)	Total Sales (JPY mn)				Total No. of Users (persons)			Avg. No. Business Days	YoY (below data)	Driving Ranges		
	Total Sales	Play / Use Fees	Caddie Fees	Shops / Dining	Total Users	Member Users	Guests Users			Total Sales (JPY mn)	Total No. of Users	Total No. of Boxes
CY2016	92,593	60,048	17,180	15,365	9,392,847	2,781,719	6,611,128	309.6	CY2016	30,520	19,692,238	14,280
CY2017	92,161	59,663	16,704	15,794	9,366,734	2,713,689	6,653,045	309.8	CY2017	30,314	19,824,525	14,198
CY2018	88,832	58,859	15,086	14,886	8,925,758	2,609,821	6,315,937	306.6	CY2018	28,785	19,180,742	14,066
CY2019	91,758	61,776	14,703	15,279	9,296,106	2,690,441	6,605,665	312.3	CY2019	29,103	19,502,580	14,056
CY2020	79,892	55,443	12,185	12,264	8,912,524	2,919,206	5,993,318	304.7	CY2020	30,951	21,281,859	15,491
CY2016	(2.5)	(2.6)	(3.4)	(1.4)	(2.6)	(1.5)	(3.1)	(0.4)	CY2016	(0.8)	(0.3)	(0.8)
CY2017	0.1	0.4	(2.2)	1.5	(0.4)	(2.2)	0.3	0.1	CY2017	(0.9)	0.6	(0.9)
CY2018	(4.6)	(3.4)	(6.7)	(6.4)	(4.9)	(3.6)	(5.4)	(1.0)	CY2018	(5.3)	(3.4)	(5.3)
CY2019	3.3	4.5	(0.1)	2.0	4.4	3.8	4.6	1.9	CY2019	1.6	2.1	1.6
CY2020	(17.3)	(15.2)	(18.1)	(24.9)	(8.4)	3.1	(13.2)	(5.3)	CY2020	(1.3)	2.4	(1.3)
2019.Q1	15,109	10,127	2,373	2,609	1,572,768	520,472	1,052,296	59.8	2019.Q1	6,688	4,474,986	14,104
Q2	26,801	18,163	4,307	4,331	2,725,293	765,176	1,960,117	86.0	Q2	7,915	5,349,314	14,203
Q3	25,443	17,008	4,326	4,109	2,641,772	736,219	1,905,553	88.2	Q3	7,288	4,818,086	14,149
Q4	24,405	16,477	3,697	4,231	2,356,273	668,574	1,687,699	78.4	Q4	7,212	4,860,194	14,056
2020.Q1	14,930	10,226	2,155	2,549	1,573,987	547,294	1,026,693	60.3	2020.Q1	6,963	4,717,709	13,589
Q2	15,956	11,372	2,520	2,064	1,994,790	705,499	1,289,291	81.4	Q2	6,251	4,497,569	13,711
Q3	24,148	16,560	3,897	3,690	2,782,391	875,417	1,906,974	86.9	Q3	8,669	5,929,630	15,513
Q4	24,858	17,285	3,612	3,961	2,561,356	790,996	1,770,360	76.1	Q4	9,067	6,136,951	15,491
2021.Q1	15,579	10,778	2,241	2,560	1,698,223	593,327	1,104,896	55.2	2021.Q1	8,474	5,734,881	15,467
2019.Q1	8.7	9.0	8.2	7.8	10.8	10.7	10.9	6.5	2019.Q1	2.1	3.8	(1.0)
Q2	(1.3)	(0.1)	(3.6)	(3.4)	0.4	0.3	0.4	0.3	Q2	(1.4)	(1.0)	(0.1)
Q3	8.6	10.3	4.8	6.3	9.1	7.8	9.6	2.5	Q3	7.4	7.0	0.1
Q4	0.3	1.7	(5.8)	0.5	0.2	(1.1)	0.7	(0.3)	Q4	(0.9)	(0.6)	(0.1)
2020.Q1	(4.1)	(2.7)	(8.2)	(6.7)	(1.7)	2.8	(4.1)	0.1	2020.Q1	3.2	5.7	(3.9)
Q2	(42.2)	(39.6)	(40.8)	(54.5)	(28.1)	(9.8)	(35.3)	(6.0)	Q2	(21.7)	(15.7)	(3.8)
Q3	(11.0)	(9.2)	(12.2)	(17.1)	(1.2)	10.6	(6.0)	(6.3)	Q3	4.9	9.5	(2.3)
Q4	(4.5)	(2.2)	(4.8)	(13.5)	1.9	10.0	(1.4)	(7.6)	Q4	10.9	12.3	(1.8)
2021.Q1	0.9	1.9	0.2	(2.9)	3.0	3.1	2.9	(12.4)	2021.Q1	8.3	7.8	1.8
2020.Jan	4,749	3,244	688	816	493,087	179,596	313,491	20.0	2020.Jan	2,217	1,491,939	13,868
Feb	4,596	3,125	689	782	486,965	169,491	317,474	18.8	Feb	2,272	1,525,913	13,868
Mar	5,586	3,856	778	951	593,935	198,207	395,728	21.6	Mar	2,474	1,699,857	13,589
Apr	4,099	2,905	644	550	506,382	183,455	322,927	24.9	Apr	1,742	1,272,465	12,612
May	5,528	4,054	860	614	721,331	265,073	456,258	28.0	May	2,110	1,557,030	13,324
Jun	6,329	4,413	1,015	900	767,077	256,971	510,106	28.5	Jun	2,400	1,668,074	13,711
Jul	7,271	4,977	1,190	1,104	858,398	276,685	581,713	29.1	Jul	2,861	1,984,111	15,314
Aug	8,403	5,737	1,348	1,318	984,062	309,106	674,956	29.3	Aug	2,816	1,933,287	15,508
Sep	8,473	5,846	1,359	1,268	939,931	289,626	650,305	28.5	Sep	2,992	2,012,232	15,513
Oct	9,102	6,263	1,414	1,424	982,154	293,261	688,893	29.5	Oct	3,199	2,185,131	15,513
Nov	8,775	6,140	1,221	1,415	882,941	279,043	603,898	25.8	Nov	3,068	2,105,191	15,489
Dec	6,981	4,881	978	1,121	696,261	218,692	477,569	20.8	Dec	2,800	1,846,629	15,491
2021.Jan	4,513	3,115	666	731	493,014	183,603	309,411	17.3	2021.Jan	2,726	1,812,669	15,551
Feb	4,772	3,282	706	785	528,867	198,999	329,868	16.5	Feb	2,738	1,846,244	15,349
Mar	6,293	4,380	869	1,044	676,342	210,725	465,617	21.3	Mar	3,010	2,075,968	15,467
2020.Jan	(2.8)	(1.4)	(7.0)	(4.7)	(2.9)	(1.0)	(4.1)	(4.1)	2020.Jan	4.2	6.7	(1.8)
Feb	14.9	16.6	9.8	12.8	12.2	13.7	11.3	11.3	Feb	13.1	12.4	(1.3)
Mar	(16.5)	(15.0)	(20.6)	(19.6)	(10.0)	(1.7)	(13.6)	(13.6)	Mar	(5.3)	(0.3)	(3.9)
Apr	(48.2)	(46.3)	(45.1)	(58.9)	(37.1)	(22.1)	(43.4)	(43.4)	Apr	(32.7)	(26.1)	(11.4)
May	(45.3)	(41.1)	(45.3)	(63.0)	(29.4)	(8.1)	(37.8)	(37.8)	May	(24.4)	(17.4)	(6.5)
Jun	(34.1)	(32.6)	(32.9)	(41.5)	(19.1)	(0.6)	(26.1)	(26.1)	Jun	(7.9)	(3.3)	(3.8)
Jul	(18.6)	(17.2)	(19.3)	(23.9)	(7.7)	7.5	(13.6)	(13.6)	Jul	5.4	9.5	(3.2)
Aug	1.1	2.7	(1.0)	(3.3)	10.8	22.2	6.2	6.2	Aug	10.4	13.0	(2.1)
Sep	(14.2)	(12.0)	(15.2)	(22.4)	(5.9)	3.0	(9.6)	(9.6)	Sep	(0.2)	6.3	(2.3)
Oct	(6.4)	(3.9)	(6.7)	(16.3)	1.4	10.6	(2.2)	(2.2)	Oct	11.8	13.1	(2.3)
Nov	(5.5)	(3.2)	(6.2)	(14.6)	1.7	14.8	(3.5)	(3.5)	Nov	9.9	11.7	(2.0)
Dec	(0.3)	1.4	0.2	(8.3)	3.1	3.8	2.6	2.6	Dec	10.9	12.1	(1.8)
2021.Jan	(8.1)	(7.1)	(6.7)	(13.4)	(4.5)	(2.8)	(5.6)	(5.6)	2021.Jan	9.4	7.8	0.2
Feb	0.4	1.6	(1.2)	(3.0)	3.7	11.7	(0.7)	(0.7)	Feb	7.3	7.3	(1.1)
Mar	9.0	9.8	7.6	6.2	8.8	1.1	12.5	12.5	Mar	8.3	8.3	1.8

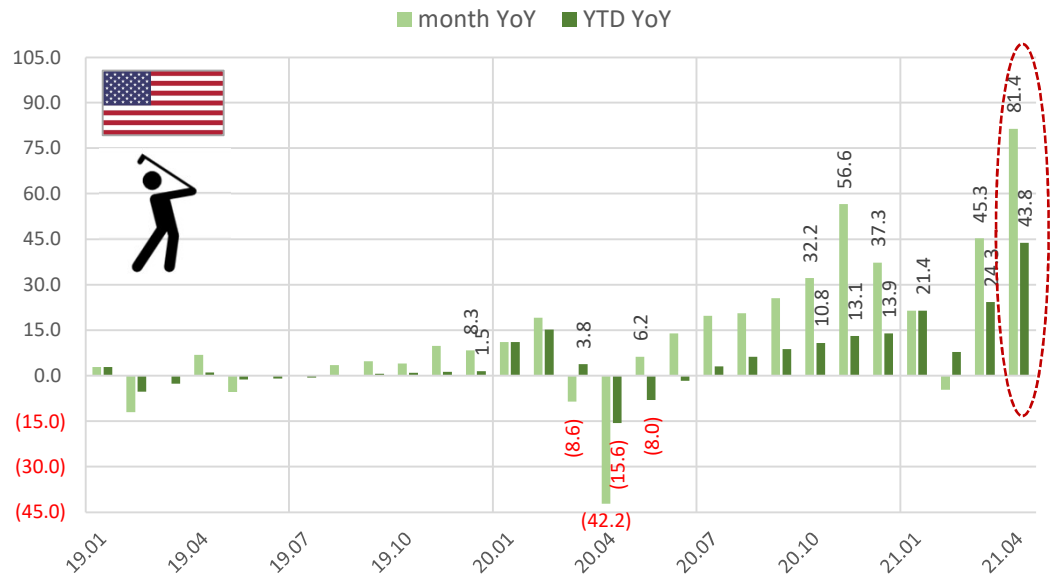
Source: Ministry of Economy, Trade and Industry (METI) monthly releases.



North America accounts for 52% of total course facilities globally (R&A)

US golf course supply increased +44% in the 20 years through 2006, and has since contracted -10% (mostly in value-priced courses with daily greens fees less than \$40). The construction boom has been replaced by investing in course renovations (NGF)

National Golf Foundation (NGF) Monthly US National Rounds Played Report

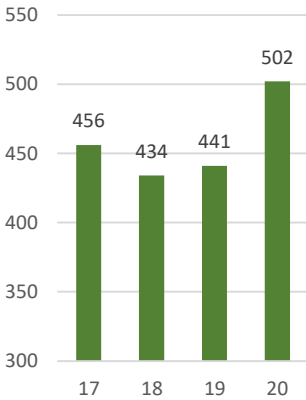


Source: compiled by Sessa Partners from NGF monthly reports

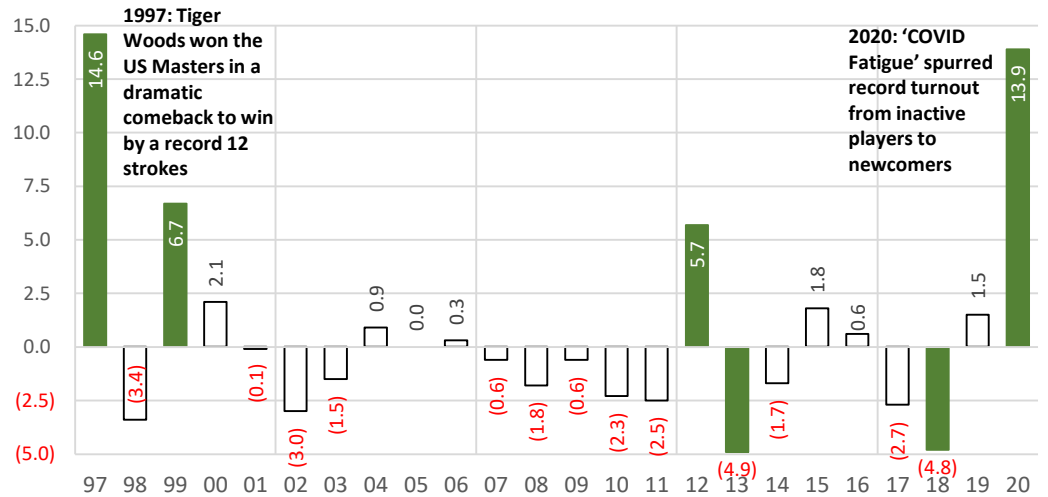
National Golf Foundation's YoY Trend of Total US Rounds Played

annual YoY (4% or more change in dark green)

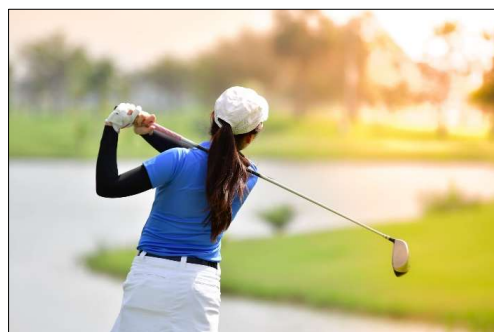
Total US rounds played (million)



Source: NGF



Source: compiled by Sessa Partners from NGF special report 'Record-Setting Rounds for 2020? Not Quite'



GDO Consolidated Financial Highlights at a Glance

[J-GAAP]	FY12/15	YoY	FY12/16	YoY	FY12/17	YoY	FY12/18	YoY	FY12/19	YoY	FY12/20	YoY
JPY mn, %	act	%	act	%	act	%	act*	%	act	%	act	%
Net Sales	18,047	12.6	19,309	7.0	21,574	11.7	26,739	23.9	34,274	28.2	33,691	(1.7)
<i>by segment</i>												
• Japan	18,047	12.6	19,309	7.0	21,574	11.7	25,245	17.0	26,842	6.3	26,724	(0.4)
• Overseas	—	—	—	—	—	—	1,495	—	7,432	397.3	6,967	(6.3)
<i>breakdown (% total)</i>												
• Japan	100.0%	—	100.0%	—	100.0%	—	94.4%	—	78.3%	—	79.3%	—
• Overseas	—	—	—	—	—	—	5.6%	—	21.7%	—	20.7%	—
<i>by business</i>												
• RETAIL (online gear sales)	12,450	12.8	13,367	7.4	14,081	5.3	16,301	15.8	17,354	6.5	17,896	3.1
• COURSE (play reservations)	4,715	14.8	5,106	8.3	5,806	13.7	6,929	19.3	7,475	7.9	6,962	(6.9)
• Other (MEDIA, new business)	812	2.0	811	(0.2)	874	7.7	971	11.1	846	(12.9)	972	14.9
• SCHOOL (plus club fitting/sales)	—	—	—	—	800	—	2,530	216.2	8,597	239.9	7,858	(8.6)
<i>breakdown (% total)</i>												
• RETAIL (online gear sales)	69.0%	—	69.2%	—	65.3%	—	61.0%	—	50.6%	—	53.1%	—
• COURSE (play reservations)	26.1%	—	26.4%	—	26.9%	—	25.9%	—	21.8%	—	20.7%	—
• Other (MEDIA, new business)	4.5%	—	4.2%	—	4.0%	—	3.6%	—	2.5%	—	2.9%	—
• SCHOOL (plus club fitting/sales)	—	—	—	—	3.7%	—	9.5%	—	25.1%	—	23.3%	—
Gross Profit	7,372	13.4	8,012	8.7	8,850	10.5	10,475	18.4	13,656	30.4	13,076	(4.3)
<i>ratio to sales (%)</i>	40.9%	—	41.5%	—	41.0%	—	39.2%	—	39.8%	—	38.8%	—
SG&A Expenses	6,544	8.0	6,939	6.0	7,636	10.0	9,671	26.6	12,677	31.1	12,237	(3.5)
<i>ratio to sales (%)</i>	36.3%	—	35.9%	—	35.4%	—	36.2%	—	37.0%	—	36.3%	—
EBITDA	1,458	36.9	1,577	8.2	1,645	4.3	1,537	(6.6)	2,469	60.6	2,370	(4.0)
<i>ratio to sales (%)</i>	8.1%	—	8.2%	—	7.6%	—	5.7%	—	7.2%	—	7.0%	—
• Japan	1,458	36.9	1,577	8.2	1,645	4.3	1,876	14.0	2,057	9.6	2,304	12.0
• Overseas	—	—	—	—	—	—	(338)	—	412	TB	66	(84.0)
Operating Profit	828	86.7	1,073	29.6	1,214	13.1	805	(33.7)	979	21.7	839	(14.3)
<i>ratio to sales (%)</i>	4.6%	—	5.6%	—	5.6%	—	3.0%	—	2.9%	—	2.5%	—
• Japan	828	86.7	1,073	29.6	1,337	24.6	1,387	3.7	1,535	10.7	1,780	15.9
• Overseas	—	—	—	—	(123)	—	(582)	RE	(556)	RS	(941)	RE
Ordinary Profit	816	86.7	1,089	33.4	1,226	12.5	823	(32.9)	972	18.1	908	(6.6)
Profit Before Income Taxes	768	82.1	1,009	31.4	1,127	11.7	765	(32.1)	786	2.7	830	5.6
Profit Attributable to Owners of Parent	430	138.3	611	42.0	707	15.7	381	(46.1)	359	(5.8)	261	(27.1)

*Raising stake in GolfTEC Enterprises LLC from 8.1% → 60.0% was completed in Jul-2018 (3Q), and its P/L was consolidated from 4Q 2018.

Selected Items from Consolidated B/S, CF/S and Per Share Data

B/S, CF, and key financial indicators	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20
JPY mn, %	act	act	act	act*	act	act
Total Assets	9,174	8,712	10,806	18,237	19,565	17,994
Cash and Deposits	2,841	1,509	1,534	1,701	1,997	2,873
ST Loans Payable	1,000	—	950	2,435	3,446	1,472
Current Portion of LT Loans Payable	—	—	—	667	667	666
LT Loans Payable	—	—	—	1,335	667	—
Total Interest-Bearing Debt	1,000	0	950	4,437	4,780	2,138
Net Assets	4,882	5,417	6,020	6,207	6,316	6,357
Equity ratio (%)	53.2%	62.2%	55.7%	34.0%	32.3%	35.3%
Current ratio (%)	171.7%	197.7%	171.2%	94.4%	89.2%	87.0%
Net D/E ratio (x)	(0.38)	(0.28)	(0.10)	0.44	0.44	(0.12)
ROA (%)	10.1%	12.2%	12.6%	5.7%	5.1%	4.8%
ROE (%)	12.3%	11.9%	12.4%	6.2%	5.7%	4.1%
CF from Operating Activities	1,861	756	435	442	2,124	4,888
CF from Investing Activities	(720)	(994)	(1,255)	(3,527)	(1,953)	(1,285)
FCF	1,140	(238)	(820)	(3,084)	171	3,603
CF from Financing Activities	998	(1,095)	845	3,236	129	(2,704)
Shares Outstanding (000)	17,747	18,053	18,274	18,274	18,274	18,274
Avg. Shares Outstanding (000)	16,054	17,893	18,256	18,274	18,274	18,274
Basic EPS (¥)	26.80	34.16	38.73	20.84	19.63	14.31
DPS (¥)	5.50	7.00	9.00	9.50	9.50	5.50
Payout Ratio (%)	20.5%	20.5%	23.2%	45.6%	48.4%	38.4%
BPS (¥)	274.97	299.96	329.34	339.69	345.61	347.85

Source: compiled by Sessa Partners from TANSWIN financial statements and IR Fact Book. Figures reported in thou. yen are rounded to the nearest million.

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